

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF NATURAL)	CASE NO. 2006-00528
ENERGY UTILITY CORPORATION)	

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation (“Natural Energy”), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with Natural Energy’s gas cost adjustment (“GCA”).¹

On December 1, 2006, Natural Energy filed its proposed GCA to be effective January 1, 2007.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy’s notice sets out an expected gas cost (“EGC”) of \$8.2905 per Mcf, which is an increase of \$1.5326 per Mcf from the previous EGC of \$6.7579.
3. Natural Energy’s notice sets out no current quarter supplier refund adjustment (“RA”). Natural Energy’s notice sets out no total RA.
4. Natural Energy’s notice sets out a current quarter Actual Adjustment (“AA”) of .91 cent per Mcf. Natural Energy incorrectly used its Gas Cost Adjustment

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company.

("GCA") rather than its EGC in calculating its monthly cost difference. Correcting for this produces a current quarter AA of (1.57) cent per Mcf. In calculating its total AA, Natural Energy carried forward an incorrect prior quarter AA. Correcting for this produces a total AA of (58.46) cents per Mcf, which is a decrease of 24.6 cents per Mcf from the previous total AA.

5. Natural Energy's GCA is \$7.7059 per Mcf, which is an increase of \$1.2866 per Mcf from the previous GCA of \$6.4193.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after January 1, 2007.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2007.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of December, 2006.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00528 DATED DECEMBER 20, 2006

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$7.7059	\$11.9459

Minimum Bill

The minimum bill shall be \$11.9459